

2019 H. BYRON HUBBARD PRIZE IN BUSINESS  
ETHICS

\$1,000 ESSAY COMPETITION

ROMAIN COLLEGE of  
BUSINESS

UNIVERSITY OF SOUTHERN INDIANA

Student must complete and return this form, essay, and letters of reference to Interim Dean Brian McGuire BE 1015, by Friday, February 22, 2019. The essay and applicant information should also be sent electronically to Mary Spahn at [mespahn@usi.edu](mailto:mespahn@usi.edu).

**REQUIREMENTS:**

1. **Applicant must be a JUNIOR OR SENIOR in the Romain College of Business or fully admitted to the Master of Business Administration program at the University of Southern Indiana.**
2. Applicant must be in good academic standing at USI.
3. The prize is based primarily on an essay (1000 to 1500 words) written in consideration of the attached case study. The essay should:
  - a) Be supported with reasoning that clearly identifies the problem,
  - b) Identify the stakeholders that would be impacted by your decision, and
  - c) Discuss the potential consequences for alternative courses of action and
  - d) Offer a recommendation to the problem described in the scenario.
4. Two letters of reference must be submitted with the essay; at least one letter of reference must be from a business relationship, attesting as specifically as possible to the applicant's ethical concern and awareness.

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**Applicant Information**

Last Name \_\_\_\_\_ First \_\_\_\_\_ MI \_\_\_\_\_

Permanent Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**USI Email** address only \_\_\_\_\_

Major in RCOB \_\_\_\_\_ Cell Number \_\_\_\_\_

## PRODUCT DUMPING

Once the Consumer Product Safety Commission (CPSC) prohibits the sale of a product in the United States, a manufacturer can no longer sell the product to U.S. wholesalers or retailers. However, the product can be sold in other countries that have not prohibited its sale. The same is true of other countries' sales to the United States. For example, Great Britain outlawed the sale of the prescription sleeping pill, Halcion, but sales of the drug continue in the U.S. The British medical community reached conclusions regarding the pills safety that differed from the conclusions reached by the medical community, and the Food and Drug Administration in the U.S. simply concluded that stronger warning labels were needed.

The CPSC outlawed the sale of three-wheeled all-terrain cycles in the U.S. in 1988. While some manufacturers had already turned to four-wheeled models, other manufacturers still had inventories of three-wheeled cycles. Testimony on the cycles ranged from contentions that the vehicles themselves were inherently dangerous, to arguments that the vehicles were safe, but drivers were too young, too inexperienced and more inclined to take risks. Still, the three-wheeled vehicle can be sold outside the U.S.

For many companies, chaos follows a product recall because inventory of the recalled product may be high. Often, firms must decide whether to "dump" the product in other countries or take a write-off that could damage earnings, stock prices, and employment stability.

If you were a manufacturer holding substantial inventory of a product that has been outlawed in the U.S., would you have any ethical concerns about selling the product in countries that do not [yet] prohibit its sale? To what extent will your decision be affected by the level of the write-off in income you must take?